

REMARKS OF GOVERNOR HALEY BARBOUR  
SOUTHERN GROWTH POLICIES BOARD ANNUAL  
MEETING  
“SOUTHERN ENERGY: ABUNDANT, AFFORDABLE AND  
AMERICAN”  
BILOXI, MISSISSIPPI  
JUNE 8, 2009

Thank you. And welcome. On behalf of the people of Mississippi and especially those from the Mississippi Gulf Coast, it is my honor and pleasure to welcome you to Biloxi and the Beau Rivage, for the Southern Growth Policies Board Annual Conference.

Ted (Abernathy), we are grateful to you and your staff for helping make this a huge success, with more than 400 attendees, a record for recent years.

Less than four years ago this Coast bore the brunt of the worst natural disaster in American history, Hurricane Katrina.

As I flew over the Coast in a helicopter the following morning, I couldn't believe the devastation . . . utter obliteration from Pearlinton, 50 miles west of here, to Pascagoula 25 miles east and beyond. It looked as if the

hand of God had wiped away the Coast, in some places for blocks, in others for miles.

The eye of the storm was thirty-two miles across. The storm surge at Waveland, the first little town east of the center eye wall, had a storm surge of thirty-eight feet, including the waves on top. Seventy-five miles to the east, at Pascagoula, the storm surge was still more than twenty feet. Indeed, Katrina produced the greatest storm surge in the history of meteorology.

While things are not back to normal yet, the four hundred or so registrants to our conference are seeing some of the incredible progress that has been made . . . and continues.

The Beau Rivage here had a three story mountain of water that rose and withdrew through the morning hours of August 29, 2005. It took one full year and some seven hundred million dollars to bring it back. And it came back better than ever.

And that is where the Coast is headed. A year ago the population of Mississippi's bottom six counties was about 97% of what it was before the storm. All our public schools were back open within a few weeks of Katrina. Our big employers, except for the casinos, were fully open before

year end 2005. At one point there were some 47,000 FEMA trailers housing Mississippi families. Now there are a few hundred left on the Coast, in 2000 Mississippi cottages.

While the pace is too slow to suit me, it is the fastest pace for recovery and rebuilding of any major disaster in our history.

And the Coast is coming back bigger and better than ever before.

We are grateful to the federal government for the generous disaster relief we've received, but we're even more grateful for the latitude we're been granted in how to spend it.

Thanks, too, to our sister states who sent so much help; additionally, we appreciate the incredible, indeed unprecedented outpouring of generosity by the private sector; corporate America was stupendous; but it was the faith-based groups . . . the churches that were so phenomenal. More than 600,000 volunteers, the vast majority from religious groups, came the first year . . . and they're still coming . . . along with wonderful groups of young people from AmeriCorps and similar organizations.

At the end of the day, it was . . . and is the spirit and character of the people of Mississippi that has made the difference. These strong resilient, self-reliant people got knocked flat by the worst natural disaster in American history, but they got right back up, hitched up their britches and went to work. Went to work helping their neighbors as well as themselves. They are courageous and compassionate. That's why they are succeeding at bringing back the Coast bigger and better than ever.

The Southern Growth Policies Board has served the South for nearly four decades, helping us learn better how to grow our economies in the fast changing world we've lived in.

Throughout this era many Southern states have been major producers of American energy. Coal is a significant economic sector in Virginia, West Virginia, Kentucky, Tennessee, Alabama and, increasingly, this state of Mississippi; where we're learning to efficiently burn low-grade lignite coal to generate electricity. Simultaneously, oil and natural gas are large elements of the economies of Oklahoma, Texas, Louisiana, Arkansas, Mississippi and Alabama. And, of course, the Gulf of Mexico off four of our states produces double-digit percentages of America's domestically produced oil and natural gas.

The South has abundant, affordable, American energy, but this is not to say we are alone as an energy producing area. The Midwest and the Great Plains states have long been major suppliers of coal and, to a lesser degree, of petroleum and natural gas. The Mountain West produces more coal and increasing amounts of oil and gas, with some traditional drilling and some non-traditional production from shale and other formations.

Hydro, often from the Northwest, supplies a small amount (less than 10 percent) of our electricity. About half of all our electricity is generated from coal-burning facilities; while another twenty or so percent each comes from nuclear powered plants and from power stations fueled with natural gas. Well under five percent of electricity in the U.S. is currently produced from alternative sources such as wind, solar, geothermal, etc. While that percentage should increase as should the percentage of motor vehicles running on electricity, natural gas or other appropriate alternatives, the fact is more than ninety-five percent of electricity generated in the United States is generated by the long traditional energy sources of coal, natural gas, nuclear and hydro. And we in the South are big suppliers of those fuels as well as great consumers of electricity produced by those energy sources.

If we Southern states had had this conference last summer, how different it would have been!

The Bush Administration had made a couple of efforts earlier in this decade to move U. S. energy policy toward one of production of more American energy. Its success was limited as it related to a new generation of nuclear power plants, increased transmission grids and more oil and gas production. Mostly we saw mandates and subsidies for fuels like ethanol.

But last year, as oil prices went from \$60 to \$147 a barrel and gasoline to \$4 a gallon, the cry of “Drill, Baby, Drill” resonated with the public. They knew more American energy meant lower prices and less reliance on foreign oil.

This energy policy preference followed the norm of American history. The English who got off the boat at Jamestown four hundred years ago found a land of abundant energy, easily at hand. And so it was for centuries, with enormous amounts of eastern timberland nearby, followed by whale oil, petroleum and coal. Only the late twentieth century slowed down with the rise of electricity generated by nuclear plants stifled and also the steady, dangerous increase of foreign oil imports.

After nearly four centuries of abundant, affordable, American energy, the lack of a coherent energy policy came home to roost, especially last year.

Yet within a few months the new Obama Administration set out in a new direction for U. S. energy policy. Instead of a policy of more American energy, the proposed Obama policy is to establish a cap and trade tax, increase taxes on oil and gas companies by \$81 billion and create a requirement that a certain percentage of electricity be generated with renewable fuels . . . a so-called renewable portfolio standard.

These policies have in common that they would all inevitably and substantially increase the cost of energy to American families and American businesses, especially manufacturing.

Don't take my word for it: Last January then-Senator Barack Obama said to the San Francisco Chronicle, "Under my cap and trade plan, electricity rates would necessarily skyrocket." Congressman John Dingell, the senior Democrat on the House Energy and Commerce Committee, agrees with the President's 2008 assessment. On the first day of hearings on a bill to implement this part of the

Obama energy plan, Dingell said, "Cap and trade is a tax, and it's a great big one."

A great deal of research has been done on how much energy costs would be driven up because of the cap and trade tax. Because electric utilities emit nearly half of CO2 emission, much attention has been given to the increase in electricity rates.

Estimates in our state indicate rate increases for our investor-owned utilities of \$50-60 per month for the average residential customer. These would be increases of approximately fifty percent, with the current average monthly bill being only about \$100. For working and middle class families it would be a higher increase.

These estimates are consistent with a study released by the National Rural Electrical Cooperative Association last month. It is estimated the cap and trade tax would raise their residential customers average rates \$50 or more a month.

Of course, the cap and trade tax would fall on all greenhouse gas (GHG) emitters, not just electric utilities. We will talk during this conference about its effects, especially its costs, costs to families, but also to the

economy. In addition, we'll consider the effects of the cap and trade tax on the South, with our immense energy production industries and our industries that use a lot of energy to produce goods and services. You'll see the effects on the South are very different from those on the East and West Coasts.

As we consider the renewable energy portfolio requirement, you'll see it also has major geographical impacts. A state like this one can't generate base-load or much of any electricity with wind or solar. It's a physical impossibility.

So long as nuclear is kept off the list of what counts as renewable, this renewable standard just amounts to another tax on many of our states.

As to the \$81 billion tax increase on oil and gas companies proposed in President Obama's budget, we know it will get passed along in the cost of gasoline, diesel fuel and natural gas, and be paid by consumers.

As we discuss these policies today and tomorrow, we should have an eye toward making opinion leaders and average citizens aware of the effects of this proposed energy policy, especially the costs. Americans must know the facts about the cap and trade tax and the others. Instead of more

American energy and more affordable energy, the result of these new proposals is a much higher cost of energy in the name of addressing climate change as an imminent crises; less energy and less affordable energy produced in the U. S., again to reduce the emissions of CO<sub>2</sub> in our country; an analysis of the loss of jobs in companies that produce oil, gas and coal and in companies whose U. S. facilities become non-competitive because of high energy costs and move production to China, India, Brazil and other countries with far higher GHG emissions per unit of energy generated; and, despite the tremendous damage to the U. S. economy and harm to American families caused by these larger cost increases, very little progress in reducing GHG emissions. This is my take away for the various analyses. You'll get to make your own conclusions over the next couple of days.

This is a greatly needed conference as these facts need to be known by the American people. We're glad you're part of it.